

**BEFORE
THE ILLINOIS COMMERCE COMMISSION**

Illinois Commerce Commission

On Its Own Motion

-vs-

Central Illinois Light Company,

Central Illinois Public Service Company,

Commonwealth Edison Company,

Illinois Power Company,

Interstate Power Company,

MidAmerican Energy Company,

Mt. Carmel Public Utility Company,

South Beloit Water, Gas and Electric
Company, and

Union Electric Company

Proceeding on the Commission's own
motion concerning delivery service tariffs:
of all Illinois electric utilities to determine:
what if any changes should be ordered to:
promote statewide uniformity of delivery:
services and related tariff offerings

Docket No. 00-0494

Rebuttal Testimony Of

KENNAN J. WALSH

On Behalf Of

NEWENERGY MIDWEST, L.L.C.

NOVEMBER 21, 2000

OFFICIAL FILE

ILL. C. C. EXHIBIT NO. 00-0494
NE Revised 2
Witness
Date 12-14-00 Reporter CB

1 Q. Please state your name and business address.

2 A. Kennan J. Walsh. NewEnergy Midwest, L.L.C., 309 W.
3 Washington, Suite 1100, Chicago, Illinois 60606.

4
5 Q. Mr. Walsh, are you the same person who filed Direct Testimony in
6 this proceeding for NewEnergy?

7 A. Yes.

8
9 Q. What is the purpose of your Rebuttal Testimony?

10 A. The purpose of my Rebuttal Testimony is to respond to the Direct
11 Testimonies of Commonwealth Edison Co. ("ComEd") Witness Sally T.
12 Clair, Ameren Services Company ("Ameren") Witness Keith P. Hock,
13 Alliant Energy Corporate Services, Inc. ("Alliant") Witness Marc A. Nielsen,
14 MidAmerican Energy Co. ("MidAmerican") Witness Debra L. Kutsunis, and
15 Illinois Commerce Commission ("ICC") Witness Eric P. Schlaf.

16
17 Q. Do you agree with ComEd's Witness Clair's assertion on page 4 of
18 her testimony in this proceeding that Section 16-118(b) of the Public
19 Utilities Act ("the Act") supports ComEd's position that a Retail Electric
20 Supplier ("RES") must include on the single bill sent to its customers any
21 and all outstanding balances that the customer owes to ComEd for tariffed
22 services.

23 A. No.

1 Q. Why not?

2 A. I believe Section 16-118(b) of the Act refers specifically to charges
3 that should be included on a single bill are those from RESs and delivery
4 services provided by a utility and not **“any and all outstanding balances**
5 **that the customer owes”**, as Ms. Clair claims, for tariffed services that
6 would include outstanding balances attributed to bundled tariff service.

7
8 Q. What evidence do you have to support your opinion as stated
9 above?

10 A. First, I believe the sentence prior to and after the one quoted from
11 the Act by Ms. Clair in her testimony on page 4 should be included so that
12 a more complete picture of what a single bill from a RES should look like.
13 The Act states at Section 16-118(b):

14 “An electric utility shall file a tariff pursuant to Article IX of the Act
15 that would allow alternative retail electric suppliers or electric
16 utilities other than the electric utility in whose service area retail
17 customers are located to issue single bills to the retail customers
18 for both the services provided by such alternative retail electric
19 supplier **or other electric utility** and the **delivery services**
20 **provided by the electric utility** to such customers. The tariff filed
21 pursuant to this subsection shall (i) require partial payments made
22 by retail customers to be credited first to the electric utility's tariffed
23 services, (ii) impose commercially reasonable terms with respect to
24 credit and collection, including requests for deposits...” (Emphasis
25 added)

26
27 Clearly, the first sentence of Section 16-118(b) means that the
28 services to be billed on a single bill are (1) those energy related services
29 provided by an alternative retail electric supplier (“ARES”) or utilities other
30 than the electric utility (not ComEd) in whose service area the retail

1 customers receiving the issued single bills reside, and (2) delivery
2 services provided by the electric utility (ComEd) in whose service area the
3 retail customers receiving the issued single bills reside. When Section 16-
4 118(b) is read in its entirety, it seems apparent that the "tariffed services"
5 designated in this Section are delivery services. The SBO tariff in no way
6 makes a RES offering the SBO a bill collector for past utility bundled
7 services charges.

8 Second, ICC Witness Schlaf agrees with NewEnergy's
9 interpretation of Section 16-118(b). He states on page 19 of his
10 testimony:

11 "It is Staff's position that Sec. 16-118(b) refers to the payment of
12 charges for the provision of delivery services only, rather than to
13 payment for charges for any other services rendered by the utility to
14 the customer, such as bundled services or non-electric services.
15 Thus, with regard to Question (6), it is my understanding that
16 money remitted to a utility through single billing should be applied
17 against the utility's delivery services charges only." (ICC Witness
18 Eric P. Schlaf Direct Testimony, page 19, lines 435-439)
19

20 Third, after a broad perusal of the Illinois Electric utility delivery
21 services tariffs, it is my understanding that ComEd and Ameren are alone
22 in requiring RESs to include unpaid balances for bundled service on single
23 bills. Simply put, for ComEd, collection of unpaid balances attributable to
24 bundled service appears neither in its Rider SBO nor in its approved
25 Implementation Plan filed with the ICC. In fact, ComEd's Revised
26 February 15, 2000 Implementation Plan states on page 77 under "5.
27 **Collection Notices.**"

1 "ComEd will continue to send collection notices to customers for
2 charges for services rendered by ComEd, following current collection
3 policies as approved by the ICC regardless of whether the Retail Electric
4 Supplier has selected the Single Billing Option. The supplier is
5 responsible for its own collection processing."
6

7 It appears from this provision in its Implementation Plan that
8 ComEd will continue to monitor bundled balances and will send collection
9 notices for any outstanding bundled balances even if that customer is
10 receiving a single bill from its RES. If this is so, then why can't ComEd
11 follow up the Collection Notices with a separate bill for those outstanding
12 balances they are sending notices for? It appears that after reading Rider
13 SBO and their Implementation Plan and Ms. Clair's testimony, ComEd
14 may have conflicting internal business practices.

15 Illinois Power, MidAmerican, and Mt. Carmel **do not** require RESs
16 to collect for unpaid balances for bundled services and thus do not require
17 RESs to include unpaid balances for bundled service on single bills. I was
18 unable to determine from Central Illinois Light Company's ("CILCO") tariff
19 if CILCO required RESs to include unpaid bundled service balance on
20 single bills. However, CILCO's Rate 35, Sheet 87 states:

21 "Customers switching from Company-supplied power and energy
22 must be current on their payments for Company-supplied electricity
23 services with no overdue amounts."
24

25 This provision in CILCO's tariff can be interpreted as to mean that a
26 bundled customer that switches to delivery services cannot have an
27 unpaid balance for bundled service. With that interpretation, the issue of a
28 RES including an unpaid balance for bundled services and collecting that

1 unpaid balance should be moot for CILCO and any RES issuing single
2 bills for its customers taking delivery services from CILCO.

3 Likewise, it is unclear in Alliant's tariffs if Alliant requires RESs to
4 include unpaid balances for bundled service on single bills. However,
5 Alliant Witness Nielsen does focus on the posting order of single billing
6 remittances. The following is an excerpt from his testimony.

7 Q. Is this issue [posting order of single billing remittances]
8 relevant to the Companies?

9
10 A. No. The Companies' tariffs specify that all single billing will
11 be done by the RES, at the RES's option. The tariffs also
12 require the RES to pay the Companies all **delivery charges**
13 related to serving the RES's customers if the RES elects the
14 single billing option. Given these conditions, the issue of
15 posting order of partial payments is moot for SBWGE and
16 IPC. (Emphasis added) (Alliant Witness Marc A. Nielsen
17 Direct Testimony, pages 5 and 6, lines 87 – 92)

18
19 It is clear from Mr. Nielsen's testimony that the RES is required "to pay the
20 Companies all delivery charges related to serving the RES's customers if
21 the RES elects the single billing option." He does not state that RESs are
22 responsible to collect and pay the Companies unpaid balances for
23 bundled service. So, apparently Alliant believes the billing and collection
24 of unpaid balances for bundled service remains with the utility.

25 Furthermore, MidAmerican Witness Kutsunis' testimony points out
26 many of the concerns that I stated in my testimony regarding the
27 requirement of RESs to include unpaid balances for bundled service on
28 single bills. Ms. Kutsunis basically reached the same general conclusion
29 for such a requirement as I did by stating "It is simply not an acceptable

1 business practice." (MidAmerican Witness Debra L. Kutsunis Direct
2 Testimony, page 3, lines 15-16)

3
4 **Q.** Do you agree with Ms. Clair's assertion on page 6, lines 113
5 through 120 that eliminating the requirement that the single bill contain all
6 outstanding charges owed to ComEd for tariffed services would mean the
7 existing single billing option credit would be overstated?

8 **A.** No. As I pointed out in my Direct Testimony, the Commission has
9 found that the Single Billing Option ("SBO") credit does not include any
10 functions related to billing for bundled services. The Commission found in
11 its Third Interim Order in Docket No. 99-0013:

12 "The Commission concludes that the unbundling of billing should be
13 limited to the SBO and the billing functions that are part of the 16
14 unbundled metering processes in the MOU. As ComEd noted, functions
15 already unbundled through implementation of the SBO include compiling
16 and formatting the **delivery services bill**, printing the **delivery services**
17 **bill**, sending the bill and processing payments made in response."
18 (Emphasis added) (ICC's Third Interim Order, Docket No. 99-0013, page
19 26, dated December 22, 1999)

20 Ameren Witness Hock makes the same claim in his testimony:

21 "If those RES do not include on the bill unpaid balances for these
22 [bundled] services, the utilities will need to continue to bill the
23 customer for those balances. That will eliminate the basis for the
24 credit...that retail customers receive from Ameren when their RES
25 has elected the SBO; that credit is being given precisely because
26 the Company will not have to send bills to those customers."
27 (Ameren Witness Keith P. Hock, Direct Testimony, page 4, lines 78
28 -84)

29
30 If Ameren and ComEd have included both bundled and unbundled
31 costs in their SBO credit calculation, then that is their error. The passage
32 above from the Commission's Third Interim Order in Docket No. 99-0013

1 is clear; the SBO credit was intended to cover, as ComEd apparently
2 noted in its testimony, delivery services functions. Now, ComEd and
3 Ameren want the Commission to believe that there are bundled costs
4 included in their SBO credit and if the requirement that RESs include
5 unpaid balances for bundled services is eliminated, then the SBO credit
6 should be reduced or eliminated. The Commission should not fall for that
7 argument and should ignore the utilities' threats to seek a reduction in or
8 the elimination of their SBO credits.

9
10 **Q.** In your opinion, do you agree with ComEd Witness Clair's assertion
11 that it would not be practical for ComEd to send a customer a separate bill
12 for outstanding balances for services other than delivery services?

13 **A.** No. On page 7 of her testimony, Ms Clair states; "...ComEd's
14 billing system is set up to trace previous customer's balances based upon
15 a variety of field indicators. If a new account is established, the system
16 automatically searches for common information, such as customer name
17 and billing address. Once the system traces the new account to the
18 previous customer account, the system applies the full balance (including
19 the outstanding charges owed to ComEd) to the new account." This
20 passage from her testimony raises some questions. Why does a
21 customer's previous balance have to be added to a customer's new
22 account balance? Why couldn't a "field indicator" be used to designate a
23 separate bundled balance? If a separate "field indicator" could be used to

1 indicate a customer switch to delivery services, couldn't that trigger a bill
2 for "previous customer balance" that would be tied to bundled service?
3 Perhaps the Commission Staff may have their own questions as to what
4 billing system limitations may exist for ComEd and/or Ameren that would
5 prevent them from modifying their systems to separately bill for unpaid
6 balances for bundled services.

7 Apparently, separate billing for unpaid balances for bundled service
8 for customers who have switched or may switch in the future to delivery
9 services is not a problem for at least Illinois Power, MidAmerican and Mt.
10 Carmel. Perhaps ComEd and Ameren should consult with their utility
11 brethren how they have or intend to implement separate billing and
12 collecting any unpaid balances customers may have prior to taking
13 delivery services. It should not be the design or operating specifications of
14 ComEd's billing system that should govern, but the SBO tariff and the
15 Law.

16
17 **Q.** If the Commission orders certain utilities to modify their billing
18 systems to separately bill their customers for unpaid balances from
19 bundled service prior to switching to delivery services, would you be
20 opposed to utilities recovering any costs incurred?

21 **A.** If the utilities can prove that these costs were prudently incurred, I
22 would not be opposed to the utilities recovering those incurred costs if
23 approved by the ICC.

1

2 **Q.** How do you envision the mechanism for cost recovery to be?

3 **A.** I'm sure the utilities in question would have their own strategies for
4 recovering additional costs, if any, for any modifications to their systems to
5 be able to separately bill and collect unpaid balances for bundled service
6 from customers switching to delivery services. One strategy that comes to
7 mind is seeking cost recovery in their Residential Delivery Services rate
8 case.

9

10 **Q.** Do you agree with Ms. Clair's rationale in her explanation for why
11 ComEd has chosen the business practice of posting **any** outstanding
12 *balance owed to ComEd will be applied to the customer's oldest balance*
13 *first?*

14 **A.** No. As I explained in my Direct Testimony starting on page 13,
15 ComEd (and possibly Ameren) has complicated the issue of the posting
16 order of single billing remittances. The example I give in my Direct
17 Testimony on pages 15 and 16 illustrates my point. After reading Ms.
18 Clair's testimony at pages 9 – 11, it is apparent that ComEd has
19 developed a payment-posting practice that only makes life easier for
20 ComEd and frustrates delivery services customers who want to receive an
21 accurate and understandable single bill and those RESs who choose to
22 provide single billing services. MidAmerican Witness Ms. Kutsunis also
23 accurately articulates in her Direct Testimony on pages 5 and 6 that when

1 a payment-posting practice, such as the one ComEd has chosen to
2 implement, is used, customer confusion is a likely result.

3
4 **Q.** Just to be clear, if the delivery services customer only makes a
5 partial payment on the RES's single bill, what is NewEnergy's position?

6 **A.** Assuming there is no unpaid balance for bundled service on the
7 single bill because the Commission has affirmed that there is no such
8 requirement and has also ruled that a posting-payment practice such as
9 the one ComEd has implemented is not appropriate and should be
10 modified to account separately for bundled and delivery services
11 payments, the RES is obligated to make the utility whole for the delivery
12 services charges and any applicable taxes and fees. Any shortfall in the
13 customer's payment to the RES becomes the customer's unpaid balance
14 with the RES.

15 NewEnergy's only issue with the posting order of single billing
16 remittances is when a utility, like ComEd, on its own initiative, has
17 implemented a posting logic that shifts a customer's delivery services
18 payment to any outstanding balances prior to that customer switching to
19 delivery services. NewEnergy is not taking a position that a utility who
20 practices this sort of payment-posting policy, like ComEd and possibly
21 Ameren, should not be entitled to collect for any outstanding balances that
22 a customer may have with that utility prior to that customer switching to
23 delivery services. However, NewEnergy is opposed to such a utility

1 implementing a payment-posting policy that essentially makes a RES an
2 unpaid collection agency for a customer's outstanding debts to the utility
3 and transfers a customer's payment for one service to an outstanding
4 balance incurred from a different service. This type of payment-posting
5 policy is not a good business practice, is commercially unreasonable,
6 legally questionable and is self-serving. Such a policy results in customer
7 confusion that leads to strained relationships between the RES and its
8 customers and the shifting of a utility liability to a RES liability.

9
10 **Q.** Please explain what you mean by "the shifting of a utility liability to
11 a RES liability".

12 **A.** *When a customer has an unpaid balance for bundled service with a*
13 *utility, it is a utility's responsibility to collect for that customers outstanding*
14 *balance. However, when a utility takes a delivery services payment from*
15 *a customer and applies that payment to that customer's oldest outstanding*
16 *balance, which would be for bundled service, that customer's delivery*
17 *services account with the utility will show an unpaid balance and*
18 *according to the utility's SBO tariff, becomes the responsibility of the RES*
19 *to collect. In the customer's mind and on the RES's books, that customer*
20 *has paid its delivery services portion of its single bill in full. In the utility's*
21 *mind, it no longer needs to worry about going after a customer's debt for*
22 *bundled service and can now go after a RESs SBO surety bond, if it so*

1 chooses, because the utility has now classified the debt as a delivery
2 services unpaid balance and the RESs responsibility to collect.

3
4 **Q.** Do you have any proof that a utility has essentially taken payments
5 for delivery services that was remitted by NewEnergy and applied those
6 payments to outstanding bundled service balances?

7 **A.** Yes. Attached to my Rebuttal Testimony is NE Exhibit No. __
8 (KJW-3), a letter from a ComEd Account Manager dated October 4, 2000,
9 which states "Attached is a file of the current NewEnergy accounts that
10 have been confirmed to have no outstanding **bundled** balances."
11 (Emphasis added) It also goes on to state later in the letter, "This letter
12 notifies NewEnergy that the accounts on the attached list have no bundled
13 balances associated with them and that all current and future balances
14 need to be posted and collected by NewEnergy and remitted to ComEd as
15 specified in Rider SBO." NewEnergy interprets the words "all current and
16 future balances" in the letter to mean delivery services balances.
17 Whereas on ComEd's system there may be no bundled balances for
18 NewEnergy accounts at the time of ComEd's analysis, NewEnergy's
19 analysis shows something different.

20
21 **Q.** What does NewEnergy's analysis show?

22 **A.** NewEnergy's analysis shows that approximately 100 of its accounts
23 has what NewEnergy would consider outstanding balances that are

1 attributable to bundled service. This analysis was done by reviewing EDI
2 and manual 810-transaction information from ComEd, primarily for billing
3 cycles ending in October. The balances shown from the 810 information
4 was compared to NewEnergy's ledgers for its customers taking delivery
5 service from ComEd. NewEnergy's ledgers show that all of these
6 approximately 100 customers have paid their delivery services portion of
7 the bill and those payments were remitted to ComEd. If there were any
8 outstanding balances on NewEnergy's books for these customers, it would
9 be a customer's unpaid balance to NewEnergy for its services to the
10 customer because NewEnergy is obligated under Section 16-118(b) of the
11 Act to make ComEd whole for its delivery services charges in the event of
12 partial payments from customers.

13
14 **Q.** Given NewEnergy's analysis, could the outstanding balances from
15 the 810 information be attributable to what Ms. Clair claims on page 11 of
16 her Direct Testimony as "...due to timing delays in sending or receiving
17 payments, e.g., bills and checks simply cross in the mail."?

18 **A.** No. NewEnergy accounted for this possibility in its analysis and the
19 nearly all customers in question had bundled balances prior to the July
20 billing cycle and at least half of the customers had bundled balances as far
21 back as 1999. Remember, the 810 information provided by ComEd for
22 billing cycles ending in October 2000 still show these balances as being
23 outstanding. However, according to ComEd's letter dated October 4,

1 2000 and attached to my testimony as Exhibit KJW-3, these balances are
2 now considered as outstanding unbundled or delivery services balances.

3 The only conclusion that can be reached from ComEd's statements
4 in its letter to NewEnergy that there are no longer bundled balances for
5 NewEnergy's accounts and the contradicting evidence supplied by 810
6 information showing outstanding balances for these same accounts that
7 NewEnergy has been tracking on its books since 1999, is that ComEd has
8 applied payments from delivery services to outstanding balances from
9 bundled service. For these approximately 100 accounts, ComEd has
10 shifted the burden of collecting unpaid balances from a service it provided
11 prior to those accounts taking delivery services from itself to the RES
12 providing single billing services. With its policy of posting any payment
13 received by a single-billing RES to **any** outstanding balance, ComEd has
14 abused the intent of Section 16-118(b) of the Act in allowing a RES "to
15 **issue single bills to the retail customers for both the services**
16 **provided by such alternative retail electric supplier or other electric**
17 **utility and the delivery services provided by the electric utility to**
18 **such customers".**

19
20 **Q.** In its analysis, did NewEnergy quantify the shifting of the collection
21 of what ComEd now calls unpaid delivery services balances?

1 **A.** Yes. ComEd has shifted the responsibility of collecting
2 approximately \$2.7 million of what was unpaid balances for bundled
3 service to what ComEd is calling unbundled balances.

4
5 **Q.** Have you provided an exhibit showing the details behind the \$2.7
6 million unpaid balance amount?

7 **A.** No. This is because the analysis contains highly confidential
8 customer data. However, NewEnergy would be more than willing to share
9 this information with the Commission Staff and ComEd if a confidentiality
10 agreement was signed.

11
12 **Q.** What is your recommendation?

13 **A.** It is simply not enough to eliminate the utility practice of forwarding
14 unpaid bundled service balances on single bills for delivery service. The
15 Commission must also order utilities, in a uniform manner, to **separately**
16 account for outstanding bundled service balances and delivery services
17 balances. Furthermore, the utilities should **separately** bill for any unpaid
18 bundled service balances until such balances are resolved. These
19 separate bills should be sent directly to the customer by the utility under a
20 separate mailing that does not involve a RES. As I pointed out in my
21 Direct Testimony on pages 12 and 13, the uniform business practices
22 ("UBP") group has addressed this issue.

23

1 "In a final document dated August 1, 2000, Section V of its Report
2 addresses Billing and Payment Processing."... "It specifically says:
3
4

5 **(8) Past Due Balance Prior to Switching**

6 (a) Outstanding prior balances are not transferred unless
7 mutually agreed upon by both parties. The Non-Billing Party will continue
8 to bill the Customer separately for any outstanding balances until such
9 balances are fully paid off. (UBP August 1, 2000 Report, Section V, page
10 39)"
11

12 Ms. Clair, in her Direct Testimony on page 2, lines 33 – 44 stated
13 that:

14 "As part of my duties, I am extensively involved with the Uniform
15 Business Practice ("UBP") efforts on a national level."... "The UBP
16 has focused its efforts on establishing common business
17 processes, rather than producing uniform terms and conditions or
18 uniform tariff provisions."... "establishing common business
19 practices is the key that permits to do business in different service
20 territories and across state lines. **ComEd has aligned itself with**
21 **this goal, and has developed business processes that are**
22 **consistent with that objective.**" (Emphasis added)
23

24 As I have shown above and Ms Clair has generally stated in her
25 Direct Testimony, ComEd has developed a business process for
26 customers, who choose to switch to delivery services, by not billing those
27 customers separately for any outstanding balances until such balances
28 are fully paid off. This is the complete opposite of what has been
29 designated as an acceptable business practice by the UBP group, a group
30 that Ms. Clair has personally been involved with and whose goals ComEd
31 has aligned itself with. One would think that if ComEd did not agree with
32 Section V, Section 8(a) of the August 1, 2000 UBP Report, it would
33 publicly say so.

1

2 **Q.** If the Commission does not agree with your recommendation that
3 all utilities should be uniform in the posting order of single billing
4 remittances and order utilities to separately bill for unpaid balances for
5 bundled services, what other remedies to you have?

6 **A.** One option for NewEnergy would be to file a formal complaint
7 against ComEd and seek relief from the ICC. However, this option does
8 nothing for uniformity and will only prolong customer confusion about
9 outstanding delivery services balances that they thought were paid.
10 NewEnergy could choose to not offer single billing services in the future,
11 but NewEnergy's customers value this service and NewEnergy has
12 invested a considerable amount of resources in providing this service.
13 However, if the Commission does not order ComEd to change its current
14 posting logic and NewEnergy continues to be exposed to financial
15 liabilities as its above-described analysis shows, NewEnergy will be forced
16 to re-evaluate offering single billing services. NewEnergy hopes this is not
17 ComEd's goal given its current posting logic. If this is the case, then the
18 outcome of what Section 16-118(b) allows RESs to do will result in a failed
19 experiment because NewEnergy knows no other RES offering single
20 billing services. On the other hand, NewEnergy could start charging
21 ComEd for collection services by retaining 30% of all outstanding bundled
22 balances that NewEnergy processes because regardless of what ComEd

1 wants to call these outstanding balances, in reality these balances are
2 really from bundled services rendered by ComEd.

3
4 **Q.** Ms. Clair offers alternatives for RESs concerned about having
5 customer payments applied to outstanding balances due before being
6 applied to current bundled delivery service charges on page 11 of her
7 testimony. Do you agree these are viable alternatives?

8 **A.** No. Her alternatives would be punitive for both customers and
9 RESs. Her alternatives center around the concept that if a RES doesn't
10 like how ComEd is posting payments to outstanding balances, then the
11 RES' customer could always get a dual bill. The outcome of this
12 philosophy will negate the very benefits of a single bill that she espouses
13 on page 5 of her Direct Testimony. The better approach is for ComEd to
14 fix its billing system and comply with its Rider SBO and the Act.

15
16 **Q.** Does this conclude your testimony?

17 **A.** Yes.



October 4, 2000

Julie Hextel
NewEnergy Midwest, LLC
309 West Washington Street
Chicago, Illinois 60606

Dear Julie,

ComEd has completed an analysis of all Single Bill Option accounts specifically looking for open balances present at the time of the first delivery service bill. Attached is a file of the current NewEnergy accounts that have been confirmed to have no outstanding bundled balances. According to the Act, SBO Rider, and as NewEnergy and ComEd discussed during our settlement discussions, a supplier providing customers with SBO must include all past due debits/credits for unbundled balances on ComEd's delivery service bill.

This letter notifies NewEnergy that the accounts on the attached list have no bundled balances associated with them and that all current and future balances need to be posted and collected by NewEnergy and remitted to ComEd as specified in Rider SBO.

If you have any questions on this, please give me a call to discuss.

Sincerely,

A handwritten signature in black ink, appearing to read "Chip", followed by a horizontal line.

Chip Tenorio
Account Manager
Electric Supplier Services Department

cc: Sally Clair - ComEd
Anne McGlynn - ComEd
Bob Ricobene - ComEd
Chuck Sutton - NewEnergy